

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 273 - HB 381

March 24, 2009

SUMMARY OF BILL: Requires the Commissioner of Commerce and Insurance to initiate an investigation of an insurance producer upon receipt of a written complaint from a member of the public upon determination by the Commissioner that good cause exists. Prohibits the initiation of formal proceedings until the insurance producer has been afforded an opportunity to review and to respond to the allegations. Requires all proceedings to be conducted by the Administrative Procedures Division of the Secretary of State's office. Grants the insurance producer the same investigatory and subpoena powers granted to the Commissioner. Requires all information obtained during the investigation to be kept confidential and not disclosed without the prior consent of the insurance producer. The insurance producer or any interested party may obtain a protective order to prevent public disclosure of information provided during an investigation. Requires the Commissioner to provide written notice of termination of the investigation to the insurance producer. Establishes a timeframe for completion of an investigation. Establishes specific guidelines for the conduct of the investigation and the reporting of the results to the insurance producer. Establishes a five-year statute of limitations for complaints against wrongdoing by insurance producers.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Not Significant

Assumptions:

- In FY07-08, the Department of Commerce and Insurance Fraud and Special Investigations section actively investigated an estimated 52 complaints against insurance producers. There were an estimated 100 complaints that were filed with the Department but not investigated. Of these complaints, it is estimated that less than 10 were filed anonymously. Anonymous complaints are not usually investigated.
- According to the Department, the Commissioner currently uses discretion in determining which complaints to investigate. This bill will codify the current process.

SB 273 - HB 381

- There are four investigators in the Department Insurance and Special Investigations section who are responsible for investigation of complaints against insurance producers. These investigations are completed within an average of nine to twelve months.
- According to the Secretary of State, there will not be a significant increase in cases referred to the Administrative Procedures Division.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

/sdl